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ONTARIO'S PUBLIC SCHOOL BOARDS: MEETING THE CHALLENGE

Presentation
to the
Standing Committee
on
Finance and Economic Affairs

Provincial Budget Consultation, 1991

January 29, 1991

ONTARIO
PUBLIC SCHOOL BOARDS'
ASSOCIATION

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THE ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION

The **ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION** represents 94 public boards of education of all sizes and from all regions of the Province, and serves over 1,700,000 students and adult learners. OPSBA speaks for public education in Ontario and represents the interests of public school trustees to the government, the public and the media.

ACKNOWLEDGEMENTS

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OPSBA PRESENTATION TO THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

The following OPSBA representatives presented this brief to the Standing Committee on Finance and Economic Affairs on January 29, 1991:

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The report has also been forwarded to the Honourable Floyd Laughren, Treasurer of Ontario, and the Honourable Marion Boyd, Minister of Education.

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I. INTRODUCTION

As political leaders for public education, the Ontario Public School Boards' Association and the public school boards of Ontario are aware that we are on the verge of a new decade and a new century. As elected local government representatives we are well aware that our citizens require a new range of services and programs in their communities. Our education system has not been immune from this. As trustees we know that our education system has changed over the past few years. Who we teach, what we teach and the way we teach has changed. How we pay for our education system has not changed.

It is time to take stock of the situation and assess the future direction of our education system to ensure that the needs of our citizens are met. We must ensure that the education system continues to be responsive to local needs.

We are also aware that education cannot be viewed in isolation. Society is changing and so are public expectations. Ontario is an economically diverse and multicultural province with urban centres and many smaller communities. The challenges that we face are complex, but must be met by all the governmental partners.

The delivery and funding of education has historically been a partnership between the provincial government and locally elected school boards. There have been tensions in the past over the delivery and responsibility for education, over which level of government is paying its fair percentage, and over the way in which taxes, both provincial and local, have been shared.

OPSBA has a message to deliver to the Treasurer of Ontario in the development of the 1991-92 provincial budget. OPSBA has a message to deliver to the Standing Committee on Finance and Economic Affairs for its deliberations in the provincial budget consultation process. The message is this:

> *OPSBA urges a renewal of the governmental "partnership" in the delivery of education to our citizens.*
>
> *OPSBA advocates a comprehensive review of education finance and a review of the relationship of education with other community services.*

OPSBA recommends some specific and immediate solutions to meet the challenge of change, for this up-coming 1991-92 provincial budget.

II. THE INTERGOVERNMENTAL PARTNERSHIP

OPSBA urges a renewal of the governmental partnership in the delivery of education to our citizens.

From its very beginnings elementary and secondary education has been an intergovernmental arrangement between locally elected officials and the provincial government. The province-school board relationship in both delivering and financing education has over the years been a balance of provincial responsibility, local responsibility, local property tax and provincial grants. It is the balance and ratio of these that have caused tensions over the past few years.

OPSBA and public school boards of Ontario support the inter-governmental nature of our education system, and stress the need to preserve and enhance the political accountability of the school trustee to the local taxpayer, as well as the political accountability of the provincially elected representatives to their taxpayers and electorate. It also must be recognized that one of the strengths of our education system is the principle of local autonomy and decision-making, to ensure diversity, local needs and innovation. It is for this reason that a portion of our education system is funded through the property tax base, thereby strengthening the political accountability of the locally elected school board.

What studies, commissions, committees of the Legislature have revealed is that the level of local property taxation no longer has a clear relationship to local decision-making and also to the financing capacity of many areas of the province. The principles of equity in educational opportunity, equity in financial burden, local autonomy and local responsibility, as identified by the Select Committee on Education in its Third Report, have been compromised.

OPSBA has communicated these concerns to the government in its report "The Sixty Percent Solution: Increased Provincial Funding for Education: the 1991 Transfer Payments" which urged that the two levels of government jointly develop a new financial structure to support the education needs of our citizens.

The Fair Tax Commission

We have brought the above issues to your attention to provide a context for our comments on consultation and more specifically the Fair Tax Commission.

It is our understanding and perhaps by the time of our presentation to the Standing Committee on January 29, 1991, it will become evident, that the Fair Tax Commission will undertake a review of our taxation and revenue system and the funding of public services. This will include and examination of the role of the property tax in funding education as well as other "community" and municipal services.

Due to the intergovernmental nature of the financing and delivery of education, one can only assume that the mandate of the Fair Tax Commission will have much to do with how our education system is financed. OPSBA did communicate with the government in late November urging that there be representation from the public school sector on the commission.

The Fair Tax Commission, like its predecessor the 1967 Smith Commission: the Ontario Committee on Taxation, will be reviewing property tax and its relationship to funding public services including the property tax. The membership of the commission and any of its sub-groups or committees must reflect the political partnership in the delivery of education and the interests of school boards in the review of property tax and the provincial-local funding relationship.

We are also aware that this government may undertake a review of our current way of the managing community health and social services for the purpose of establishing an integrated management framework at the local level. This could directly relate to the future role of our education system, how it should be funded and to the role of elected school trustees. This is all the more reason that OPSBA urges active participation of public school representatives on the commission.

1. **OPSBA requests the support of the Standing Committee of the Legislature on Finance and Economic Affairs, in ensuring that public school boards are adequately represented on the Fair Tax Commission and its sub-committees.**

The Consultation Process for Education Finance

As stated earlier, OPSBA has forwarded to the government a report "The Sixty Percent Solution: Increased Provincial Funding for Education" which recommended a consultation process on education finance. Just before Christmas OPSBA forwarded a follow-up document to the Minister of Education and to the Treasurer of Ontario, which suggested a model for consultation. (Both reports have been provided as background to this submission.)

Provincial-Municipal Finance

The Treasurer and the Minister of Education have both publicly stated that to achieve an increased provincial commitment to funding education, whether it be sixty percent or another yet to be determined model, the issue of provincial-municipal finance must also be considered. If the provincial government significantly increased grants to school boards there would have to be a mechanism to ensure that the tax "room" would not be automatically assumed by the municipal sector, thereby defeating the goal of property tax relief. As well the municipal sector has participated in several studies with the previous government on provincial-municipal finance. In particular the Provincial-Municipal Social Services Review which has just completed its formal consultation period, stated that "municipal governments are looking for a disentanglement of responsibilities, so that they will be accountable only for services over which they have substantial control." Municipalities want the provincial government to assume the full responsibility for the welfare system to facilitate the necessary reforms to the system, as recommended in SARC (The Report of the Social Assistance Review Committee).

OPSBA agrees that provincial-municipal finance should be addressed in some manner under the general umbrella of the Fair Tax Commission. This review of provincial-municipal finance must be coordinated with but separate from the review of education finance.

Devolution of Health and Social Services

For the past few years there has been an emerging trend as evidenced in a variety of review/consultation processes, for increased coordination and planning for "human" services at the local level. We will not get into the details of this issue in this submission, but note that work of the Premier's Health Council, the Provincial-Municipal Social Services Review, the review of the long-term care system (services for the disabled and elderly) and more recently the Report of the Advisory Committee on Children's Services, "Children First" have all recommended that some form of "local authority" should be developed to coordinate and manage an integrated system of health, social services, and education.

If the government is serious about this, then what must truly be coordinated is the government's review, consultation and decision-making processes for all of the above!

OPSBA urges the provincial government to first determine its strategic direction, through consultation, on the governmental framework for an integrated approach to the management and delivery of health, social services and education at the provincial level and at the local levels as recommended in the report "Children First". This also must be coordinated with the Fair Tax Commission's review of taxation and the funding of public services and with any future review of education finance.

OPSBA therefore feels that its proposal for a model for consultation on education finance is even more relevant in light of all of these other reform recommendations. Due to the impact on local governance and finance, the governmental partnership approach to the review of education finance is even more essential.

2. **OPSBA recommends an intergovernmental/multi ministry approach for a review of education finance.**

OPSBA recommends that the consultation on education finance be a complementary process parallel to the Fair Tax Commission, and be a joint process of the two levels of government, provincial and school boards (public, separate and french-language). The broader education community would participate through their expertise on sub-committees, and through the public consultation process.

III. EDUCATION FINANCE REFORM

OPSBA advocates a comprehensive review of education finance and also the relationship of education with other community services.

We have presented to you our views on the partnership in the funding and delivery of education, as they relate to consultation and the current environment. We have not yet elaborated on the need for education finance reform.

OPSBA has stated in previous reports that many of the pressures on public school boards are not within the control of the local school board and these must be factored into the provincial budget considerations for 1991-92. Some key factors affecting the costs of education are: changes to the delivery of education mandated by the province, such as reduced class size, and increased emphasis on computer technology and science and technology, junior and senior kindergarten; the increased costs of doing business resulting from pay equity and the employer health levy; enrolment and changing demographics; environmental regulation; the sharing of the commercial and industrial tax base; and a large demand for capital funding for new construction and for school renovation and replacement.

OPSBA stated in its report "The Sixty Percent Solution" that the most conclusive evidence that education requires a better funding base, are the property tax increases of 1990. When the education increase is coupled with municipal property tax increases, it becomes even more evident that the local property taxpayer is funding an increasing level of public services.

TABLE 1: 1990 Public School Board Property Taxes*
***on a regional basis**

	1989 Mill Rate	1990 Mill Rate	% Change
Metropolitan Toronto	187.3	207.6	10.8
Public Boards: Regions	138.9	156.4	12.6
Public Boards: Cities, Southern Ontario	129.1	148.0	14.6
Public Boards: Rural Southern Ontario	161.9	184.3	13.8
Public Boards: Cities Northern Ontario	136.9	140.0	2.4
Public Boards: Rural Northern Ontario	85.2	93.2	9.4

Source: Ministry of Municipal Affairs

OPSBA knows that reform cannot be achieved overnight, and therefore there are not expectations for such in this upcoming provincial budget. What we are seeking is a commitment to reform through consultation, based on the principles of the governmental partnership as stated above.

IV. 1991-92 PROVINCIAL BUDGET: SOME IMMEDIATE SOLUTIONS

OPSBA recommends some specific and immediate solutions for inclusion in the 1991-92 provincial budget.

OPSBA congratulates the government for having a long range view. OPSBA however would not support any suggestion that policy change cannot occur in the interim period. The Fair Tax Commission will likely take several years to report its findings. OPSBA hopes that all suggestions are not referred for "further study" to this commission or to a future review of education finance. Public school boards would like to see a recognition of the acute needs of school boards and some interim legislative and policy changes to provide some immediate solutions, in this up-coming provincial budget.

OPSBA presents the following recommendations for the consideration of the Standing Committee on Finance and Economic Affairs in developing its report on the 1991-92 provincial budget, and for the consideration of the Treasurer of Ontario in assessing what can be accomplished in the immediate future.

The 1991 General Legislative Grant Program

At the time of preparing this document the 1991 Transfer Payment announcement is still pending. Therefore we do not have the advantage of knowing the decision of the Treasurer of Ontario regarding the allocation of funds to elementary and secondary education.

OPSBA has asked for an 11 percent increase. The needs of school boards have been documented and it is suggested that an 11 percent increase is necessary to ensure moderate education mill rate increases. We are aware that the recession has created a difficult situation for this government, with declining revenues and increasing expenditures, particularly for welfare. The recession has also added to the financial pressures of local school boards. Regardless, OPSBA hopes that education does get its "fair share" of transfer payment dollars.

Once this allocation is determined, the General Legislative Grant calculations for school boards can be determined by the Ministry of Education. OPSBA does have some specific suggestions on how these funds should be allocated.

OPSBA knows that in their revised estimates the Ministry of Education recently further increased the ceilings of the per pupil grant by $50 for elementary and $25 for secondary education. (The ceilings are now $3,550 for elementary pupils and $4,455 for secondary pupils). OPSBA congratulates the government for its recognition that funding must be allocated to the ceilings to address the needs of all school boards in funding a basic level of education. The inadequacies of the current expenditure ceilings have been well-documented, and we will not elaborate further at this point. OPSBA only states that a significant portion of the available dollars should be allocated to the basic per pupil grant in an attempt to rectify the gap between the expenditure ceiling and the actual per pupil costs of delivering education. This makes equalization a priority, in order to benefit the maximum number of school boards in Ontario.

3. **OPSBA recommends that the government allocate a significant portion of the operating funds for education to the basic per pupil grant of the General Legislative Grant Program.**

In the fall of 1989 the Ministry of Education circulated a consultation document which recommended changes to the transportation grant, the goods and services remoteness grant, and the method of calculating average daily enrolment.

OPSBA at that time supported some of the proposed changes, but did express concerns regarding the impact on some school boards. In light of the comments of the Provincial Auditor regarding the open-ended nature of the transportation grant, OPSBA is aware that this is one area of potential change. Therefore if change is inevitable, the government is urged to provide advance notice of grant formula changes and an adequate phase-in period to assist school boards in their 1991 budget processes.

4. **OPSBA recommends adequate notice and a phase-in of any potential changes to the 1991 General Legislative Grant Program.**

English as a Second Language (ESL)

The provision of additional language instruction to pupils whose first language is neither English or French, so that they can take part in regular instruction, is part of the General Legislative Grant program. For example, the funding for the York Region Board of Education in 1990 was $100.61 per pupil (elementary) and $46.98 per pupil (secondary).

The issue most frequently raised by public school boards is the inadequacy of this funding in meeting the growing demands caused by the more open immigration policies of the Government of Canada. There is recognition that immigration benefits society, and recognition of the need to provide language instruction to new Canadians, both children and adult learners. However, the amount provided does not meet the needs of those areas of the province experiencing this type of demographic growth.

5. **OPSBA urges the provincial government to participate actively in discussions with the federal government for improved federal-provincial transfers for language instruction for new Canadians served by the public school system.**

The Established Program Financing is the federal-provincial mechanism currently used to share education costs. The education funding under this program is directed to the post-secondary education system. If public school boards continue to play a significant role in language instruction for new Canadians, children and adult learners, then federal-provincial dollars should be available to assist public school boards.

Pay Equity

The Minister of Labour announced on December 18, 1990 that amendments would be introduced in the spring session of the Legislature to broaden the scope of the *Pay Equity Act*. The Minister also stated that there would be a fund to "assist public sector employers having difficulty meeting their pay equity obligations".

OPSBA is pleased to hear that the government recognizes that pay equity has affected some public sector employers more than others. One does not automatically think of teachers and public school boards as being included in this category, but OPSBA would like to illustrate what closer examination has revealed.

Public school boards are currently addressing both their teaching and non-teaching pay equity adjustments. There was some recognition of non-teaching costs in the 1990 General Legislative Grant announcement by the former Minister of Education. OPSBA feels that there will be some difficult situations for certain school boards in meeting teacher pay equity adjustments.

Costs of potential pay equity plans between school boards and elementary teachers vary considerably from board to board. The cost variability results from the number of teachers in the lower pay categories. Some factors that contribute to a high proportion of these teachers include:

- introduction of French Second Language programs
- accessibility to undergraduate university programs
- women returning to teaching

The following example, using data from the Education Relations Commission, illustrates the differing impact on boards, should the elementary teachers achieve their current objectives!

TABLE II: Pay Equity Impact

	%Teacher Payroll	No. of Teachers (FTE)	Dollar Cost
Essex County	1.68	55.5	373,058
Middlesex County	3.34	76.4	593,869
Prince Edward County	5.59	37.5	283,099
Hastings County	6.02	207.7	1,544,780
Leeds & Grenville County	6.28	143.2	1,195,694

The current claim against these five boards is $3,990,000 for 420 teachers (It should be noted that the calculation does not include the increase to the costs of salary related benefits nor the increase in liability for retirement gratuities).

6. **OPSBA supports the public sector pay equity fund announced by the Minister of Labour.**

   OPSBA urges that "extraordinary" pay equity costs of school boards be funded from this fund as opposed the General Legislative Grant program of the Ministry of Education.

Cash-Flow

This government can make a significant improvement in education finance and benefit the local taxpayer in the 1991-92 provincial budget, by improving the cash-flow from the province to the local school boards and from municipality to school board.

Province/School Boards

The MacDonald Commission in 1985 pointed out that school boards paid out significant sums in interest payments to finance the operation of schools while waiting for their grant money from the province. The Commission stated "we think that the province should transfer funds to boards each month as expenditures are incurred, particularly during the first three months of the calendar year. The province can borrow at rates that are more favourable than those available to school boards, thereby providing a net reduction in public expenditures."

Public school boards support this view. Presently the grant is allocated on the basis of 17 percent at the end of the first three months of the calendar year, payments disbursed throughout the year, ending with a seven percent hold-back. The seven percent holdback is paid in the next school board fiscal year, pending school board financial statements. We are aware that the Ministry of Education needs to have some control and accountability for the transfer payments to local school boards. However, the inflexibility of the current situation causes local borrowing, at high interest rates.

7. OPSBA recommends that the General Legislative Grant Payment schedule be amended as follows:

- **25% in the first three months**
- **elimination of the 7% hold back.**

Flowing funds to school boards to more accurately reflect their actual expenditure levels will reduce the need for bridge financing. The benefactor will be the education property taxpayer.

Municipalities/School Boards

Municipalities collect taxes for school boards and forward them during the course of the year on a quarterly schedule, or more frequently if mutually arranged. The *Education Act* states the payment schedule of taxes from the municipality as:

- . 25% by March 31st
- . 25% by June 30th
- . 25% by September 30th
- . 25% by December 15th

Section 215(3) of the *Education Act* provides for an improved schedule if agreed to by the school boards and most of the municipalities (representing 2/3 of the equalized assessment). Some school boards and municipalities have managed to work together and develop a more equitable and timely sharing of property tax dollars, but these situations are the exception.

Most municipalities issue interim tax bills early in the calendar year. Most of the property tax dollars have been collected by mid-year. The municipality has the advantage of keeping the funds and the interest, sometimes regarded by the municipality as their "fee" for collection. When school boards are faced with interim borrowing to finance operating expenditure, it seems poor financial policy for this interest to benefit the municipal level only.

For example, the Halton Board of Education has calculated that the total costs of levying property taxes for the four bodies: area municipality, regional municipality, public and separate school board, was approximately $1.5 million in 1990. However, the interest accruing to the area municipalities for the taxes collected on behalf of the Halton Board of Education was $3.5 - $4 million in the same year. Even with recognition of the Halton boards' share of the costs of collection the benefit of over three million dollars goes to the area municipalities only.

8. **OPSBA recommends that the Education Act and the Municipal Act be amended to ensure that 100% of the school portion of property tax is transferred to the school board(s) on the due dates that coincide with the areas' tax collection schedule.**

The previously mentioned improvements in cash flow would provide a more equitable sharing of property tax dollars and would assist school boards in their budgeting processes. The benefactor would be the local ratepayer.

Payments In-Lieu of Taxes

Properties of the federal government and the provincial government do not pay their property taxes on the same basis as other properties, but pay instead a "payment-in-lieu" of taxes to the municipality. Some of these payments-in-lieu are shared with the education sector and some are not. Federal grants in lieu of taxes are paid to the municipality for federal properties, based on a valuation using the assessment roll and the municipal and education mill rate. Only those payments for federal properties that are tenant occupied are shared with the school board. (i.e. defense properties, residential property owned by the federal government). Similarly properties of the provincial government do not pay full property taxes but a portion, a grant-in-lieu. For example, the province under Section 160 of the Municipal Act pays $75 per bed or student for such institutions as hospitals, colleges and universities, correctional facilities, and facilities for the mentally retarded. The legislation states that these payments go only to the municipality and are not shared with the school boards. Only payments-in-lieu which relate to residential properties owned by the Province of Ontario are shared with the school board (i.e. property owned by the Ontario Housing Corporation, tenant occupied property of Ontario Hydro, etc.)

The MacDonald Commission identified the inequities of this property tax policy and recommended "that the government of Ontario require that all payment in lieu of taxes be shared equitably among school boards and municipalities". In 1982, the sum of school board "lost" revenue was identified at $120 million for provincial properties.

There is good reason to re-think the existing policies regarding the sharing of these payments-in-lieu with school boards. They are viewed as a replacement for property taxation. From this perspective only, these payments should then be shared in a more equitable manner with all services and programs funded from the property tax base including education. School boards as well as municipalities are providing services to these facilities, but they are not receiving the compensation of access to revenue. As our health care services, corrections, facilities for the mentally retarded become more community-based, they increasingly affect the delivery of services in our community, including our schools.

OPSBA's first suggestion is that all properties, federal and provincial should pay their fair share of property taxes instead of a grant in lieu. This would be the ideal solution to ensure the viability of the property tax base in funding all local services. However, recognizing that this would be a substantial change in taxation policy for the government, OPSBA presents instead the following recommendation.

9. OPSBA recommends that all payments in lieu of taxes, federal and provincial be shared equitably between school boards and municipalities on the basis of their respective mill rates.

Telephone and Telegraph Taxes in Northern Ontario

Section 161 of the *Municipal Act* provides for the sharing of telephone and telegraph taxes of companies operating in the jurisdiction, between municipalities and the local school board(s). However, in areas of the province without municipal organization, the revenues collected for telephone and telegraph taxes are payable to the Ministry of Revenue and consequently are not shared with the local school boards. There are situations where areas in northern Ontario may not have a municipal jurisdiction, but do have local school board(s). An estimated $2 million a year of this local revenue is paid to the Ministry of Revenue, and does not benefit the local area.

10. OPSBA recommends that the Provincial Land Tax Act be amended to enable the equitable sharing of taxation from telephone and telegraph with the local school board(s) in those areas without municipal organization.

The Capital Needs of School Boards

The capital needs of Ontario's public school boards have been rapidly escalating over the past few years. The past provincial government in recognition of this did commit $1.5 billion over a five year period to school capital ($300 million per year since 1989). In spite of the financial contribution of the provincial government there remains a significant backlog of unfunded requests for new schools to meet growth, additions and permanent classrooms to replace portables, as well as renovations. More than 20 percent of schools in Ontario are more than 50 years old. The longer the necessary renovations are delayed, the more these buildings will deteriorate. The renovations will become more costly.

A good portion of the allocation of the Capital Grant Program of the Ministry of Education has been to meet the needs of population growth. This has added to the backlog in renovation and capital requests from other areas of the province.

There is a relationship between school board capital and operating expenditures. Transportation costs increase for those school boards who have to bus students longer distances due to lack of classrooms. Maintenance costs are higher in facilities requiring rehabilitation.

The following chart illustrates the needs of school boards as identified in their multi-year forecasts forwarded to the Ministry of Education's Capital Program.

TABLE III: 1990 Capital Grant Program and Capital Needs

1990 Capital Program	Dollars Allocated (in millions)	1990 School Board Requests (in millions)	% of Projects Funded
site purchase and new pupil places (includes child care and junior kindergarten)	$254.6	$1,157.0	22.0
renovation and replacement	$ 42.3	$ 330.0	12.8
program upgrade (technical education)	$ 35.1	$ 131.8	26.6

11. OPSBA recognizes the past provincial government's contribution to school capital funding and recommends that this government enhance and continue the commitment to multi-year capital planning beyond 1994.

Creating Jobs and Infrastructure Renewal

Public school boards in Ontario welcomed the announcement in the November Throne Speech regarding the $700 million capital job creation fund. Provincial funding for the renewal of public facilities such as schools, housing, universities and colleges, water and sewage facilities is not only money well spent for the benefit of our citizens, but creates employment in regions of the province hit hard by the recession.

OPSBA is aware that the government will shortly announce the projects to receive funding under the $700 million infrastructure/job creation fund. Hopefully, a significant allocation will go to school capital and renovation.

OPSBA understands that financially 1991 will be a difficult year for all governments. However, there are methods of meeting some of the capital needs while at the same time providing employment for some specialized industries. Continuation of the job creation fund would be a way to provide employment for those hit hard by the recession and unemployed in this economic slowdown. OPSBA sees the job creation fund as doubly beneficial as some school boards would get their much-needed capital projects, while at the same time help their community in providing employment opportunities.

12. OPSBA urges the provincial government to allocate more dollars to the job creation/infrastructure fund in the up-coming 1991-92 provincial budget for public infrastructure which would include school capital.

The Ministry of Education Capital Grant Program

The Ministry of Education assists school boards in financing their capital projects. This includes new schools and additions, site purchases, replacement, and renovations of existing schools and portables. The average mill rate at which provincial support is provided for capital projects is 60 percent for new pupil places and sites. The approved costs for other capital projects is supported at a rate of 75 percent.

OPSBA feels that the Capital Program as it exists today is inadequate to meet the needs of our communities. The problem relates not only to the adequacy of dollars in the program (as noted in the Table III) but to the structure of the program itself. The following is a list of some key policy issues that need to be addressed in a comprehensive review.

- the allocation process and criteria
- the Ministry funding criteria of rated capacity and operational capacity
- flexibility to encourage innovation: lease arrangements, shared community facilities, etc.
- relationship with education development charges
- child care capital: appropriate responsibility and cost sharing

The Ministry of Education's Capital Grant Plan was developed in 1979. Since that time, there have been many changes, both legislative and social, that affect the way school boards finance their capital requests: the lowering of PTR ratios in primary grades, the inclusion of child care centres in schools, the use of school facilities by community groups, etc.

Schools must be designed to meet a variety of teaching and community use functions. For example, schools may organize to have smaller class sizes for rooms with auxiliary equipment such as microcomputers and science workstations. School boards need to be able to provide for larger and more multi-functional classrooms that can be utilized with greater efficiency to suit program requirements. Schools today are having to become increasingly diversified in the delivery and accommodation of students and program needs. Site sizes for new school projects should be judged upon actual student enrolment and program delivery and should incorporate provisions for special considerations such as child care play areas, athletic facilities, portable, etc.

The Ministry of Education's capital funding criteria of "rated capacity" is not an operational reality. The program's pupil loading criteria no longer reflects the reality of classroom size as required in education policy directives of the Ministry of Education. OPSBA is aware that there was some attempt to address the situation in the 1990 capital program when the criteria for grades 1 and 2 was set at a 20 pupil average. However, the gap between the Ministry of Education's "rated capacity" formula and actual needs, results in planning and financing problems for boards.

The 1988 Green Paper on Financing Growth Related Capital Needs called for "innovative methods" for funding education. To date very few boards have attempted innovation, as the Ministry guidelines and the Education Act do not allow the flexibility of developer/school board agreements, multi-year planning and financing, leasing agreements, etc.

A few public school boards have developed joint projects with their coterminous boards, their local municipality, or community college, to build and share facilities. This is being actively pursued in the Perth County area, in Etobicoke, and the Elgin County area.

OPSBA suggests that the Ministry of Education could assist by preparing guidelines for school boards to assist with the implementation of cooperative projects for the shared use of facilities; school boards (public and separate), municipalities, library boards, and other community agencies. OPSBA also suggests a review of the Capital Grant Program and the Education Act to assist school boards in meeting their community needs. OPSBA is encouraged that the Ministry of Education is currently reviewing the Capital Grant Program.

13. **OPSBA supports the Ministry of Education's review of the Capital Grant Program and urges consultation on such key policies as:**

- **the funding criteria**
- **the allocation process**
- **flexibility/innovation**
- **child care capital**
- **rated capacity and true capacity**

With respect to specific action that could be included in the 1991-92 provincial budget, OPSBA suggests that due to the fact that the Development Charges Act has not provided the funds to school boards as anticipated by the previous government, that the average funding for school capital returned to the 75% provincial average support rate, instead of the 60% average provincial support rate.

14. **OPSBA recommends that in the 1991-92 provincial budget the government include an announcement that school capital projects will be funded to an average provincial rate of 75%.**

V. CONCLUSION

OPSBA thanks the Standing Committee on Finance and Economic Affairs for this opportunity to present the views of public school boards from across the Province. We feel strongly that it is time to take stock of the situation and assess the future direction of our education system. This government appears committed to consultation and collaborative methods of developing public policy. OPSBA is offering its assistance to the government.

It is recognized that much of our brief relates to the future and to the strategic direction of the government in funding public services, in particular education. We hope that we have also offered some assistance to the Standing Committee on Finance and Economic Affairs on the more immediate issue, what can be achieved in the short-term in the up-coming 1991-92 provincial budget.

OPSBA suggests that the word "partnership" is an easy one to say, but more difficult to put into practice. Partnership does mean full and honest consultation and recognition on the part of the provincial government of the impact of its decisions on local governments.

OPSBA and the public school trustees in Ontario accept the challenge of partnership and change. We hope that the government meets our challenge.

IV. TABLE OF RECOMMENDATIONS

1. OPSBA requests the support of the Standing Committee of the Legislature on Finance and Economic Affairs, in ensuring that public school boards are adequately represented on the Fair Tax Commission and its sub-committees.

2. OPSBA recommends an intergovernmental/multi ministry approach for a review of education finance.

   OPSBA recommends that the consultation on education finance be a complementary process parallel to the Fair Tax Commission, and be a joint process of the two levels of government, provincial and school boards (public, separate and french-language). The broader education community would participate through their expertise on sub-committees, and through the public consultation process.

3. OPSBA recommends that the government allocate a significant portion of the operating funds for education to the basic per pupil grant of the General Legislative Grant Program.

4. OPSBA recommends adequate notice and a phase-in of any potential changes to the 1991 General Legislative Grant Program.

5. OPSBA urges the provincial government to participate actively in discussions with the federal government for improved federal-provincial transfers for language instruction for new Canadians served by the public school system.

6. OPSBA supports the public sector pay equity fund announced by the Minister of Labour.

   OPSBA urges that "extraordinary" pay equity costs of school boards be funded from this fund as opposed the General Legislative Grant program of the Ministry of Education.

7. OPSBA recommends that the General Legislative Grant Payment schedule be amended as follows:

   - 25% in the first three months
   - elimination of the 7% hold back.

8. OPSBA recommends that the Education Act and the Municipal Act be amended to ensure that 100% of the school portion of property tax is transferred to the school board(s) on the due dates that coincide with the areas' tax collection schedule.

9. OPSBA recommends that all payments in lieu of taxes, federal and provincial be shared equitably between school boards and municipalities on the basis of their respective mill rates.

10. OPSBA recommends that the Provincial Land Tax Act be amended to enable the equitable sharing of taxation from telephone and telegraph with the local school board(s) in those areas without municipal organization.

11. OPSBA recognizes the past provincial government's contribution to school capital funding and recommends that this government enhance and continue the commitment to multi-year capital planning beyond 1994.

12. OPSBA urges the provincial government to allocate more dollars to the job creation/infrastructure fund in the up-coming 1991-92 provincial budget for public infrastructure which would include school capital.

13. OPSBA supports the Ministry of Education's review of the Capital Grant Program and urges consultation on such key policies as:

    - the funding criteria
    - the allocation process
    - flexibility/innovation
    - child care capital
    - rated capacity and true capacity

14. OPSBA recommends that in the 1991-92 provincial budget the government include an announcement that school capital projects will be funded to an average provincial rate 75%.